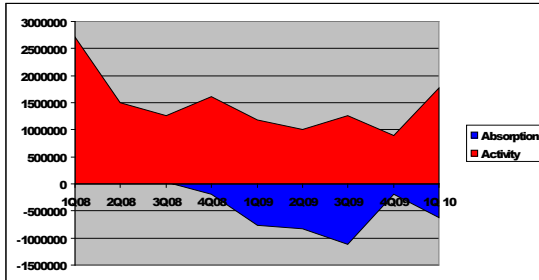


Was Hopeful but... More of the Same...

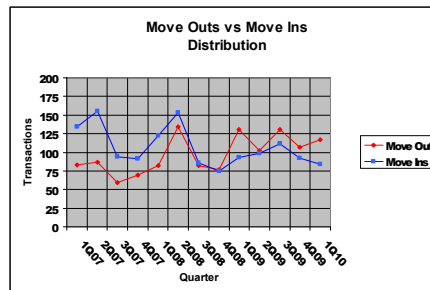
2009 was one of the most difficult years for the real estate industry and it appears that 2010 is going to be very similar. The 1st quarter of 2010 showed continued deterioration in the Jacksonville industrial market with increased availability, more negative absorption and move-outs in the industrial market still outpacing move-ins. Additionally, sales remained allusive with the financial markets still in a state of flux.

Availability of industrial space (space actively being marketed) rose to its highest level with 19.2 million square feet or 20.1%. Second generation space coming back on the market totaled almost 2.4 million square feet. Square foot activity levels increased dramatically from the previous quarter registering 1.8 million square feet. This was due to a few large deals announced this quarter; one in particular was Football Fanatics, which leased almost 550,000 square feet on Commonwealth. While the total square feet in activity increased, the number of transactions decreased to its lowest level since 3Q08.



Negative absorption continues to plague the market with a negative 625,189 square feet recorded this quarter. That is six straight quarters recording negative absorption. Move-ins continued to slide with only 84 spaces taken off the market compared to 117 given back. The disturbing part of this is that activity has continued to fall for 2 straight quarters.

Sales of industrial properties continued to have problems. Securing reasonable financing terms remains a challenge. It is not untypical in today's market to have the bank's appraisal lower than the contract price. This requires the seller to reduce the price or the purchaser to provide more equity. In many cases it means no sale.



Unemployment continues to be a problem in Jacksonville. According to the Bureau of Labor Statistics, Jacksonville ranked 279th for Metropolitan Areas with a rate of 12.1%. Until we see job growth on the First Coast, I'm afraid that this year is going to be "More of the Same"...

Jeff L. Graham, SIOR
President

Total Market

	Total Inventory	Net Absorption	Total Vacant	% Vacant	Total Activity	# of Deals	Avg SF Per Deal
Distribution	95,625,264	-625,189	19,222,374	20.1%	1,772,919	84	21,106
Service Center	2,587,817	69,357	701,654	27.1%	72,357	18	4,020

